

Message Text

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FM AMEMBASSY ROME

TO SECSTATE WASHDC 4095

UNCLAS ROME 4620

SECSTATE PASS AMBASSADOR EDWIN MARTIN

FROM DON PAARLBERG

E.O. 11652: N/A

TAGS: EAGR, IT

SUBJ: WORLD FOOD CONFERENCE -- PRELIMINARY MEETING

1. PAARLBERG IS HERE, ON THE SCENE, AND AT WORK. THE FACTUAL AND ANALYTICAL MATERIAL HE CARRIED WITH HIM IS WELL RECEIVED. HE IS ACCORDED EVERY HOSPITALITY. THIS EVIDENCE OF U.S. COOPERATION IS MUCH APPRECIATED. HE HAS SEEN BOERMA TWICE ALREADY AND HAS BEEN IN TOUCH WITH THE EMBASSY.
2. AN IDEA IS EMERGING HERE THAT HE NEEDS TO CHECK OUT. THE IDEA IS THAT AT THE CONFERENCE, THE ARAB COUNTRIES MIGHT MAKE A SUBSTANTIAL PLEDGE TO ASSIST IN THE AGRICULTURAL DEVELOPMENT OF THE POOR COUNTRIES. THE SAUDIES HAVE ALREADY PROMISED \$50 MILLION AND BUTZ HAS ISSUED A PRESS RELEASE APPLAUDING THIS FACT. IT IS THOUGHT THAT THIS MIGHT BE EXPANDED BY A LARGE AMOUNT. THE DIRECTOR-GENERAL FAVORS THE IDEA. SINCE THE CHAIRMAN FOR THE CONFERENCE IS AN ARAB, THE PROJECT MIGHT HAVE AN ENCHANCED PROSPECT OF BEING ADOPTED.

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3. THE ADVANTAGES OF THE PROPOSAL, IT SEEMS TO PAARLBERG ARE

THESE:

A. THE ARABS HAVE BUILT A GREAT ENGINE FOR MARSHALLING VAST SUMS, THE DISPOSITION OF WHICH IS PRESENTLY UNCERTAIN. AN AGRICULTURAL DEVELOPMENT FUND WOULD SEEM A GOOD USE.

B. THE LESS-DEVELOPED COUNTRIES HAVE BEEN HURT BY THE ARAB-INDUCED INCREASE IN THE PRICE OF PETROLEUM AND RELATED PRODUCTS. THE FUND WOULD BE A WAY OF REDRESSING THIS INJURY.

C. THE ARABS MIGHT BE WILLING TO MAKE THIS COMMITMENT IN ORDER TO REGAIN SOME GOOD WILL IN THE WORLD.

4. SOME RESERVATIONS ARISE IN CONNECTION WITH THE PROPOSAL:

A. THE CARTEL-INDUCED INCREASE IN THE PRICE OF OIL PLACED VERY GREAT BURDEN ON THE OIL-IMPORTING NATIONS, RICH AND POOR ALIKE. THE SIZE OF THE FUND LIKELY TO BE SET UP FOR THE POOR COUNTRIES WOULD AMOUNT TO ONLY A SMALL FRACTION OF THE INJURY DONE TO THEM. OUR SUPPORT FOR OR ACQUIESCENCE IN THIS PROPOSAL MIGHT CONOTE OUR ACCEPTANCE OF THE ARAB OIL-PRICING PRACTICES.

B. OTHER NATIONS, INCLUDING THE U.S., MIGHT BE ASKED TO PARTICIPATE IN THIS FUND, OR IN SOME OTHER EFFORT TO MEET THE DIFFICULTIES IMPOSED ON THE POOR COUNTRIES BY THE INCREASED OIL PRICE. AMERICAN CITIZENS, ALREADY HURT BY THE OIL PRICE INCREASE, MIGHT OBJECT TO QUOTE PAYING THE POOR COUNTRIES SO THEY COULD PAY THE ARABS UNQUOTE.

C. A NEW AID-DISPERSING MULTILATERAL BODY MIGHT ADD TO THE ALREADY EXCESSIVE NUMBER OF SUCH AGENCIES.

5. IN THE DRAFTING OF BACKGROUND PAPERS, AND IN CONSULTATION HERE WITH BOERMA AND OTHERS, THE U.S. VIEW ON THIS ISSUE MIGHT BE JUDICIOUSLY INJECTED. PERHAPS THERE IS ALREADY A U.S. VIEW; IF SO PAARLBERG DOES NOT KNOW IT.

6. YOUR GUIDANCE IS SOUGHT.VOLPE

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